## Message Text

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INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-08 DOE-15 H-02 INR-10 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-20 OES-07 SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /138 W -------114022 090919Z/20

R 081145Z JUN 78 FM AMCONSUL HALIFAX TO SECSTATE WASHDC 2195 INFO AMEMBASSY OTTAWA

UNCLAS HALIFAX 0287

E O 11652: N/A TAGS: ENRG CA

SUBJECT: RECENT OFFSHORE ENERGY DEVELOPMENTS IN ATLANTIC CANADA

- 1. AT THE END OF MAY, 1978, THREE EXPLORATORY DRILLINGS WERE UNDERWAY IN THE ATLANTIC CANADA OFFSHORE REGION AND A CUMULATIVE FOOTAGE OF 29,176 FOR 1978 HAD BEEN DRILLED. IN THE SAME PERIOD OF 1977, THE DRILLING OF ONE WELL WAS UNDERWAY AND THE CUMULATIVE FOOTAGE OF EXPLORATORY DRILLING WAS 41,288.
- 2. ON JUNE 6, 1978, THE HALIFAX PRESS REPORTED THAT A
  12,000AFOOT-DEEP TEST WELL BEING DRILLED SIX MILES
  SOUTHWEST OF SABLE ISLAND HAD BEEN FOUND TO CONTAIN A
  SIGNIFICANT AMOUNT OF GAS AND CONDENSATE. DESIGNATED
  THEBAUD I-94, THE WELL PRODUCED GAS AT A TEST RATE OF
  APPROX 14 MILLION CUBIC FEET PER DAY AND CONDENSATE AT
  THE RATE OF 400 BARRELS PER DAY. THE WELL IS ONE OF
  THOSE BEING DRILLED UNDER JOINT MOBIL OIL/PETRO-CANADA
  SUSPICES IN THE VICINITY OF SABLE ISLAND. ACCORDING
  TO A MOBIL STATEMENT, "ADDITIONAL APPRAISAL WELLS WILL
  BE REQUIRED TO DELINEATE THE EXTENT OF THE RESERVES
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BEFORE THE POSSIBILITY OF COMMERCIAL DEVELOPMENT IS DECIDED."

3. TOTAL EASTCAN EXPLORATION HAS CONTRACTED TO HAVE THE DRILLSHIP "PELERIN" DRILL ONE WELL OFF LABRADOR DURING THE COMING SUMMER.

4. COMMENT: THE RESULTS OF THE TEST WELL OFF SABLE ISLAND ARE AT A MINIMUM MILDLY ENCOURAGING, AND IT IS HEARTENING THAT LATE-STARTING EASTCAN WILL DRILL AT LEAST ONE WELL OFF LABRADOR THIS COMING SEASON. NOW THAT NEWFOUNDLAND AND THE GOC HAVE FOUND A WAY TO COORDINATE THEIR JOINT MANAGEMENT OF THE OFFSHORE (WHILE CONTINUING TO DISAGREE ON ITS OWNERSHIP), AND WITH ENCOURAGEMENT TO CONTINUE DRILLING OFF NOVA SCOTIA, THERE IS REASON TO HOPE THAT 1978 WILL TURN OUT TO BE THE YEAR WHEN THE INTENSITY OF OIL AND GAS EXPLORATION IN THE EASTERN CANADIAN OFFSHORE REGION MADE A TURNAROUND FROM THE DECLINING EFFORTS OF THE LAST FEW YEARS. END COMMENT.

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